

**THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

DOCKET NO.: 2019-290-WS

In the Matter of)	
)	DIRECT TESTIMONY
Verified Application of Blue Granite Company,)	OF
for Approval to Adjust Rate Schedules and)	ERIC REKITT
Increase Rates)	(York County Public Works Director)
)	

Q: PLEASE STATE YOUR NAME, EMPLOYER, TITLE AND BUSINESS ADDRESS:

A: My name is Eric Rekitt. For the past 15 years, I have worked in the Environmental Service Field in both the private and public sectors. For the past 10 years, I have worked for York County, being involved directly with both the County Water and Sewer Department. For 6 years I have served as the York County Public Works Assistant Director and more recently Director. My business address is 220 Public Works Road, York, South Carolina.

Q: RELEVANT TO THIS RATE CASE, WHAT ARE YOUR RESPONSIBILITIES AS PUBLIC WORKS DIRECTOR?

A: Included in my responsibilities as the County Public Works Director are the following duties:

- Oversee the planning and management of the installation, maintenance, and repair of water and sewer systems, ensuring compliance with applicable federal, state, and local laws and regulations.
- Review and approve the Department budget; ensure effective and efficient use of budgeted funds, personnel, materials, facilities, and time.
- Work in tandem with the Water and Sewer Division to evaluate County water/sewer systems and service needs, and formulate plans to meet those needs in accordance with applicable laws and regulations.
- Review and approve engineered designs for the County Water and Sewer system improvements.

1 • Work with the Water and Sewer Supervisor to administer and ensure compliance with the Safe
2 Drinking Water Act regulations, including those pertaining to backflow prevention, lead and copper
3 levels, volatile organic contaminants, disinfection by-products, and unregulated contaminant testing.
4

5 • Inspect county projects in progress and upon their completion inspect for compliance with
6 applicable policies, procedures, laws, regulations, contracts, permits, and standards of quality and
7 safety.
8

9 • Oversee the water/sewer billing functions of the County; assist Water and Sewer Supervisor
10 with customer requests and complaints; and assist in the internal resolution of billing disputes.
11

12 **Q: WHAT IS YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND IN THE WATER AND SEWER**
13 **INDUSTRY?**
14

15 **A:** I earned a Bachelor's Degree in Environmental Studies from Edinboro University of Pennsylvania
16 in 2002 with minors in Geology and Anthropology. Prior to my employment with York County, I worked
17 as a Planner and Environmental Protection Specialist for Erie County Government in Pennsylvania
18 reviewing Water and Sewer utility plans and public water supply and septic permitting and compliance.
19 Subsequently, I worked as an Environmental Scientist for a Charlotte, North Carolina firm where I
20 focused on ground water remediation, NPDES compliance, and Hazardous Material Compliance. I have
21 been a member of the American Public Works Association (APWA) and was a past Upstate President in
22 2017.

23 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

24 **A:** The purpose of my testimony is to support York County's position in the Blue Granite Water
25 Company ("Company" or "Blue Granite") rate case before the Commission regarding the proposed
26 Annual Rate Adjustment Mechanism, the proposed rate increases, the Blue Granite connection with
27 Charlotte, and related matters.

28 **Q: WHAT IS THE POSITION OF YORK COUNTY WITH REGARD TO THE PROPOSED RATE**
29 **ADJUSTMENT MECHANISM?**
30

31 **A:** Blue Granite seeks a territorial application of pass-through water and sewer rates; however, this
32 request potentially disproportionately affects York County citizens whom reside in the Blue Granite
33 franchise territory. Specifically, on December 16, 2019, York County Council suspended scheduled

1 residential, commercial, and wholesale water and sewer rate increases prospectively. Under the
2 mechanism, however, notwithstanding the absence of prospective water and sewer rate increases in
3 York County, the rates to York County customers of Blue Granite will nevertheless likely experience rate
4 increases from Blue Granite as increases in other Blue Granite service territories will trickle into the York
5 County rate calculation. As a result, the mechanism fails to accurately and appropriately apportion rates
6 to York County customers. York County contends this is manifestly unfair to the Blue Granite customers
7 situated in York County whom receive water and sewer treatment services connected with York County.
8 The rate increases as may be applied to York County would not be based on true York County customer
9 usage and would thereby result in York County customers subsidizing users in another Blue Granite
10 jurisdiction outside of York County. Additionally, York County contends that the Mechanism as presented
11 does not incentivize the Company to cure non-revenue water and sewer inflow and infiltration (I & I)
12 and disproportionately shifts the associated costs to the Blue Granite customers.

13 **Q: WHAT ARE THE BASES FOR THESE POSITIONS?**

14 **A:** York County, as a water and wastewater service provider, contends that approval of the
15 proposed annual rate adjustment mechanism related to water and sewer rate increases (or decreases)
16 directly attributable to York County will best serve the York County citizens whom are customers of the
17 Company only if they are based on a true dollar for dollar pass-through, without markup. In this case,
18 the reasons stated in my prior answer are the bases for this position. In essence, the proposed
19 mechanism provides a basis for an unjust rate increase to York County customers. Moreover,
20 historically, York County Blue Granite (formerly Carolina Water Services) customers have used rate cases
21 to address serious issues with the water/sewer utility service and infrastructure. For example, when
22 York County citizens within the Blue Granite Franchise Territory have had concerns with the provision of
23 water/sewer service, concerns with water and its perceived quality/effects, and concern with proposed
24 water and sewer rates themselves, the citizens would utilize the rate cases to address these concerns

1 with the Commission. In this case, proposed increases are of such proportion that the role of the Office
2 of Regulatory Staff and the S.C. Department of Consumer Affairs are now of heightened importance to
3 gauge expenses and requested increases in terms of reasonableness with considerations of past
4 performance in terms of service quality. The timing for appropriate review of the contemplated
5 automatic increases, are 45 days to the Office of Regulatory Staff and the Public Service Commission,
6 with the increase effective 15 days upon completion of the audit, thereby eliminating citizen
7 involvement. In the proposal, Customers must rely solely on this audit and review which condenses a
8 review of a year's worth of deferrals to 45 days without an express contestation component. The County
9 contends that the mechanism, as presented, thereby presents a disservice to the York County citizens by
10 eliminating any future opportunity to be heard. Lastly, the perceived I & I cost shift, eliminates any
11 incentive for the Company to cure the cause of I & I. The County contends this is an unjust burden on
12 the consumer without any incentive to the Company to fix the infrastructure causative problem.

13 **Q: DO YOU HAVE ANY OTHER TESTIMONY PERTAINING TO THE ANNUAL RATE MECHANISM OR TO**
14 **THE PROPOSED RATE INCREASES?**

15
16 **A:** Yes, York County contends the percentage rate increases to York County customers presents an
17 excessive and onerous immediate impact to be borne by the Customers. The Office of Regulatory Staff
18 and the Department of Consumer Affairs, of course, are in a strong place to analyze the overall provision
19 of services in terms of the proposed percentage increases in rates. The provision of quality customer
20 service is something York County strives to provide in its own operations as a water and sewer service
21 provider. Therefore, accepting the premise that an overarching objective of good business practices
22 includes reliable and quality customer service by the Company, then the Company should be promoting
23 these aspects in the provision of its services in a demonstrable way, regardless of the rate and
24 mechanism approval, or not. The approval of the mechanism to serve an automatic return to investors
25 should not be automatic but should be based in reasonable in conjunction with improved services.

1 I also have additional testimony in response aspects of the direct testimony of Dylan D'Ascendis
2 on behalf of Blue Granite Water Company addressing rate of return modeling. The testimony provides a
3 "doom and gloom" scenario through the use of the Value Line Survey (pp. 6-7, D'Ascendis testimony)
4 inapplicable to York County. ("That makes most pipes being between 75-100 years old.") (Citing study,
5 p. 7, D'Ascendis testimony). I submit that the Lake Wylie Franchise Territory has no water and sewer
6 lines approximating 75-100 years of age. As a result, the premise of an infrastructure age based concern
7 is misplaced. Moreover, any alleged related market investment fear resulting in "divestment or
8 withdrawal" (p. 8, D'Ascendis testimony) is similarly inapposite, and should be discounted. Lastly, the
9 Utility Proxy Group utilized in the analysis relies upon 6 companies (3 in California and 4 touching, in
10 degrees, Delaware, Maryland, New Jersey, and Pennsylvania) (p. 12, D'Ascendis testimony) with little to
11 no direct relevance to South Carolina. Troubling to the analysis is that there is little to no opportunity
12 for meaningful examination of the regulatory frameworks impacting and driving rates and rates of
13 investment returns in these remote jurisdictions. As a result, the Public Service Commission should
14 explore the relevance of this proxy group to our South Carolina based rate case and examine whether
15 the proxy group selection is primarily a desired result driven selection to support a desirable rate of
16 return for the Company.

17 **DO YOU HAVE ANY OTHER TESTIMONY PERTAINING TO RELATED MATTERS?**

18 In a related consideration germane to York County Government, York County contends that the
19 Charlotte water connection approved in 2019-223-W leaves open the question of rate application for a
20 subsequent rate case. York County contends that this case addressing pass through of water costs
21 affecting York County is an appropriate case to expound on this issue and moreover serve as an a forum
22 to address the component of "emergency backup connection" described within the York County
23 franchise agreement with Blue Granite. The contention that the need for an emergency backup
24 connection is a protective mechanism in the franchise agreement for the benefit of York County water

1 customers, as averred by Blue Granite to the Commission in 2019-223-W, is inaccurate. The connection
2 is for the provision of emergency water service to the franchise territory itself. Therefore, absent the
3 declaration of an emergency, as addressed in the County-Blue Granite franchise agreement, the
4 provision of water to the territory via a Charlotte connection is in violation of the agreement and an
5 inappropriate usage of water supplied from a source other than York County. The County asks the
6 Commission to underscore the necessity of a declared emergency for the use of the connection for the
7 benefit of Blue Granite customers residing in the York County franchise territory.

8 **Q: DOES THIS CONCLUDE YOUR TESTIMONY?**

9 **A:** For the reasons specified in my testimony, York County has taken a position in this rate case.

10 This concludes my testimony.